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ANNUAL REPORT

*St. Lawrence Columbium
and Metals Corporation*

(NO PERSONAL LIABILITY)



This report is not intended to be a solicitation or an offer to buy or sell shares of the Company and is issued only for the purpose of keeping the stockholders informed.

All technical information is based on published sources as well as other sources which we consider to be reliable.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

Dominion Square Building,
1010 St. Catherine St. W.,
Montreal 2, Que.

April 1965.

OFFICERS:

President: JEAN-JOFFRE GOURD, Q.C., Montreal

Executive Vice-president: DR. CÔME CARBONNEAU, Eng., Montreal

Vice-president: PAUL E. RIVERIN, Eng., Montreal

Secretary-treasurer: RICHARD STAINES, C.A., Montreal

Directors: SENATOR PAUL-HENRI BOUFFARD, Q.C., Bouffard, Turgeon, Amyot,
Choquette & Lesage, Advocates, Quebec City.
DR. CÔME CARBONNEAU, Eng., Geologist, Montreal.
MICHEL FOURNIER, Banque de l'Indochine, Paris, France.
JEAN-JOFFRE GOURD., Q.C., Advocate, Montreal.
JEAN MONETTE, Advocate, Montreal.
PAUL E. RIVERIN, Eng., Mining Engineer, Montreal.
PETER N. THOMSON, Executive, Montreal.
J. EMERSON THORS, Kuhn, Loeb & Co., Investment Bankers, New York.
HENRY J. WOLFF, Chadbourne, Parke, Whiteside & Wolff, Attorneys, New York.

Mine Manager: J. CLAUDE CARON, Eng., Metallurgist.

Transfer Agents: Eastern & Chartered Trust Company, Montreal & Toronto.

Bankers: Canadian Imperial Bank of Commerce, Montreal.

Executive Office: Dominion Square Building,
1010 St. Catherine St. W., Montreal.

Mine Office: Oka, Quebec.

COMPARATIVE SUMMARY

| <u>FISCAL YEAR ENDED SEPTEMBER 30</u> | <u>1962</u> | <u>1963</u> | <u>1964</u> |
|---|-------------|-------------|-------------|
| Tons milled | 172,767 | 291,403 | 321,585 |
| Lbs. of Cb_2O_5 | 775,313 | 1,393,536 | 2,091,725 |
| Value of production | \$779,085 | \$1,337,821 | \$2,164,443 |
| Operating costs | \$682,923 | \$1,024,182 | \$1,506,288 |
| Operating profit | \$ 96,162 | \$ 313,639 | \$ 658,155 |
| Administrative and selling expenses | \$195,683 | \$ 196,507 | \$ 213,385 |
| Mining Taxes | — | — | \$ 12,601 |
| Net profit before depreciation (loss) | (\$ 99,521) | \$ 117,132 | \$ 432,169 |
| Current assets | \$254,393 | \$ 615,367 | \$ 753,873 |
| Current liabilities | \$341,640 | \$ 296,456 | \$ 276,374 |

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

To the Shareholders:

April 1965.

The fiscal year ended September 30, 1964, was one of marked progress with output, sales and earnings all reaching record levels. Your Company which successfully pioneered the production of pyrochlore columbium concentrates is now the world's leading producer in that field.

An operating profit of \$658,155 was realized, more than double that of the previous fiscal year. After \$213,385 of administration and selling expenses, net profits before depreciation were \$444,770 as compared with \$117,132 in the previous fiscal year. Current assets at the year end were \$753,873 with current liabilities of \$276,374.

During the year ended September 30th, 1964, the mill handled 321,586 tons of ore from which 2,091,725 lbs. of columbium pentoxide were recovered valued at \$2,164,443.

Following application to the Minister of National Revenue to fix the date of commencement of the 36 month income tax exempt period, the Company has been informed that March 1st, 1963, had been determined as the date on which the mine commenced production in reasonable commercial quantities.

As a result, the income of the Company derived from its mining operations in the period of March 1st, 1963 to February 29th, 1966 will be exempt from income and profits taxes.

After the tax exempt period, plant write-offs at 30% per annum on the declining balance, write-off of pre-production expenses, as well as the normal depletion allowances of 33 $\frac{1}{3}$ % of profits will be allowed in determining taxable income.

As in the past, income from production was credited to Deferred Development — Oka account, but future financial statements will include a profit and loss statement.

One of the most gratifying aspect of the year's operations has been the broadening of markets for the Company's production in Europe, as shown by the following figures of sales to European countries:

| <u>CALENDAR YEAR</u> | <u>LBS. OF CONCENTRATES</u> |
|-----------------------------|-----------------------------|
| Second half of 1963 | 377,625 |
| First half of 1964 | 864,932 |
| Second half of 1964 | 1,349,391 |

Concentrates shipped to Europe in the second half of 1964 were four times shipments for the second half of 1963.

In the U.S., according to statistics issued by the Department of the Interior, 1964 consumption of ferro-columbium based upon data for the first 9 months, was about 1,450,000 lbs. of contained columbium and tantalum, an 11% increase over 1963. It would seem that actual world consumption was considerably larger than U.S. consumption if the European sales of the Company compared with its U.S. sales may be taken as a measure.

The market in the traditional ferro-columbium field has expanded considerably over the last six months. Mill capacity has been raised to 1300 tons daily in an attempt to keep up with the demand, which is still ahead of production.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

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The favorable market for our production has recently permitted some increase in the selling price of our concentrates, a help to the Company. Our earlier forecasts of greater production and better prices are now materializing. In fact, with 1965 production now firmly committed, if present market demands are to be met by the Company, a further increase in our production would be necessary.

Consumption of columbium has expanded mainly in the field of stainless steel, mild carbon steels and in high temperature and other alloy steels. Research in the field of pure metal is still being carried on by several major companies and a break-through in that field is hoped for.

Faced with the growing market in the ferro-columbium field and with the possibility of large markets for columbium being developed in other fields, the Company has had to envisage a large expansion in its mining and milling facilities. Supplying of the large tonnages of ore which the Company expects to mill has made clear that mining of its ore body by underground methods will be required. Preliminary work has been undertaken by the Company to obtain data on which decision as to the most suitable underground mining method, when necessary, can be based.

Our research staff will continue to press forward with the columbium phase of the operation as well as in the recovery and marketing of by-products from the milling of our ore. Calcite of a good quality for agricultural lime has been successfully introduced to the market and the Company is making every effort to increase such sales. Marketing of calcite in industrial fields is being undertaken.

After careful study of the results of the exploration work carried out jointly with Anaconda American Brass Ltd. in the territory held under mineral exploration license in New Quebec, approximately thirty-five miles northeast of Schefferville, the conclusion was reached that such license should not be renewed.

With the current favourable market for iron ore, the various interests of the Company in iron ore properties are becoming of greater importance. The Company is keeping in close touch with developments in order to put to full advantage its opportunities.

It has been reported that Can-Fer Mines is about to reach agreement with Algoma Steel Corp. for it to take over the former's iron ore property in the Kowkash area in northwestern Ontario. This is significant since your Company's Paska Kowkash property is located on the same iron range some five miles east of the Can-Fer Mines property.

Your Directors take this opportunity to record their appreciation to the management and operating staff of the continued loyal service which all have rendered throughout the year.

Respectfully submitted on behalf of the Board.

Jean-Joffre Gourd,
President.

There is enclosed for your information an excerpt from a brief presented jointly by your Company with another concerned with columbium use to Canadian Governmental authorities supporting the use of columbium in coinage.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

BALANCE SHEET as at September 30th 1964

ASSETS

CURRENT ASSETS:

| | | |
|---|---------------|---------------|
| Cash on Hand and in Bank | \$ 170,728.25 | |
| Trust Funds and Sundries Advances. .. . | 1,207.62 | |
| Deposit with Quebec Securities Commission.. . | 1,000.00 | |
| Province of Quebec Bond at Cost .. . | 1,008.97 | |
| Accounts Receivable .. . | 311,743.34 | |
| Stock of Concentrates at the Estimated Selling Price .. . | 144,474.20 | |
| Mining Supplies at Cost .. . | 100,992.42 | |
| Estimated Refund of Duties and Taxes .. . | 22,719.12 | \$ 753,873.92 |

DEFERRED CHARGES:

| | | |
|--------------------------|--------------|-----------|
| Prepaid Expenses.. .. . | \$ 11,079.40 | |
| Deferred Interest.. .. . | 7,553.16 | 18,632.56 |

INTEREST IN MINING COMPANIES: (Schedule No. 1)

| | | |
|---------------------------------------|---------------|------------|
| Shares at Cost (No Market Value) .. . | \$ 606,233.78 | |
| Advances .. . | 281,097.85 | 887,331.63 |

FIXED ASSETS: (At Cost, no depreciation has been provided and the proceed of disposition of equipment or machinery has been credited to the original cost)

| | | |
|---|---------------|--------------|
| Land and Building .. . | \$ 498,613.67 | |
| Machinery, Equipment and Furniture .. . | 1,410,998.30 | 1,909,611.97 |

MINING CLAIMS: .. . 1,852,196.37

DEFERRED DEVELOPMENT AND OTHER EXPENDITURES — OKA: 440,615.64
(See Schedule No. 2)

DEFERRED DEVELOPMENT EXPENSES ON OTHER PROPERTIES: 80,558.22

INCORPORATION AND ORGANIZATION EXPENSES: .. 7,058.19

\$5,949,878.50

Approved on behalf of the Board of Directors:

JEAN-J. GOURD, *Director*

CÔME CARBONNEAU, *Director*

Montreal, December 23rd 1964.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

(NO PERSONAL LIABILITY)

BALANCE SHEET as at September 30th 1964

LIABILITIES

CURRENT LIABILITIES:

| | | |
|--|---------------|---------------|
| Accounts Payable and Accrued Expenses | \$ 154,191.23 | |
| Accrued Wages | 19,816.27 | |
| Accounts Payable in Monthly Instalments, Maturing within One Year | 84,935.94 | |
| Income Tax Deducted on Salaries | 5,484.57 | |
| Estimated Mining Taxes | 11,946.60 | \$ 276,374.61 |

OTHER LIABILITIES:

| | | |
|---|--------------|------------|
| Accounts Payable on Equipment not Maturing within One Year | \$ 25,972.33 | |
| Loans from Directors and Affiliated Companies 4½% Interest | 313,175.00 | |
| Guaranteed Loan, 4½% Interest Due on October 9, 1967 .. | 268,984.37 | 608,131.70 |

SHAREHOLDERS' EQUITY

CAPITAL STOCK: (See Note 1 for Options Granted)

Authorized:

| | |
|----------------------------|----------------|
| 5,000,000 Shares at \$1.00 | |
| Par Value a Share | \$5,000,000.00 |

Subscribed, Paid and Issued:

| | | |
|---------------------------------|----------------|----------------|
| 2,923,016 Shares | \$2,923,016.00 | |
| Plus: Premium on Shares | 299,500.00 | \$3,222,516.00 |

| | | |
|--------------------------|--------------|-----------------------|
| CAPITAL SURPLUS: | 1,842,856.19 | 5,065,372.19 |
| | | <u>\$5,949,878.50</u> |

AUDITORS' REPORT

Gentlemen:

We have examined the Balance Sheet of St. Lawrence Columbiu & Metals Corporation (No Personal Liability) as at September 30th 1964 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at September 30th 1964 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

DENIS, DESMARAIS, HOULE & CIE,
Chartered Accountants.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION
(NO PERSONAL LIABILITY)

NOTES TO FINANCIAL STATEMENTS

as at September 30th 1964

1) As at September 30th 1964, the following options were outstanding:

- a) Option of Kuhn, Loeb & Co. for the purchase of 150,000 common shares of the capital stock of the company at \$3.50 (Canadian) per share to be exercised on or before the 15th day of February 1965.
- b) Option of La Banque de l'Indochine for the purchase of 50,000 common shares of the capital stock of the company at \$3.50 (Canadian) per share to be exercised on or before December 31st 1964.
- c) Option to be exercised by Messrs. Richard Staines, Jean Monette, Côme Carbonneau for the purchase of 5,000, 10,000, 10,000 common shares respectively of the capital stock of the company at \$3.50 (Canadian) per share. The right to exercise the option is for one quarter of the option each year, starting on April 1st 1963 and each April 1st of subsequent years. The above being valid only if the above mentioned persons are still performing services for the company and to be exercised not later than April 1st 1967.

2) As at September 30th 1964, the date on which Commercial Production started had not been established. When established, this will change the presentation of the statements.

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION
(NO PERSONAL LIABILITY)

SCHEDULE No. 1

INTEREST IN MINING COMPANIES
as at September 30th 1964

| | <u>Investment</u> | <u>Advances</u> |
|---|---------------------|---------------------|
| Gaspé Metals Limited: | | |
| 188,200 Free Shares | | |
| 1,081,110 Escrowed Shares | \$ 70,787.50 | \$ — |
| Anaconda Iron Ore Ontario Ltd.: | | |
| 60,000 Free Shares | 36,983.66 | — |
| Lake St. Joseph Iron Ltd.: | | |
| 1,026,666 Escrowed Shares | 1.00 | 277,702.85 |
| Oka Columbium & Metals Ltd.: | | |
| 900,000 Free Shares | | |
| 965,000 Escrowed Shares.. .. . | 211,000.00 | 3,395.00 |
| Sundry Investments, acquired through the issuance of fully paid and non assessable shares of capital stock of St. Lawrence River Mines Ltd., a predecessor company .. | 287,461.62 | — |
| 635,000 Escrowed Shares of Oka Columbium and Metals Corp. | | |
| 750,000 Escrowed Shares of Antiquois Mining Corporation | | |
| 150,000 Free Shares of Antiquois Mining Corporation | | |
| | <u>\$606,233.78</u> | <u>\$281,097.85</u> |

ST. LAWRENCE COLUMBIUM AND METALS CORPORATION

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SCHEDULE No. 2

SCHEDULE OF DEVELOPMENT AND OTHER EXPENDITURES to September 30th 1964

| | Year Ended September 30 1964 | Total to Date |
|--|------------------------------------|-----------------------------|
| Mine Development and Operating Cost of the Mine and Mill.. .. . | \$1,506,287.94 | \$4,036,157.04 |
| Administrative and Selling Expenses | 213,384.75 | 673,206.98 |
| | <u>\$1,719,672.69</u> | <u>\$4,709,364.02</u> |
| Value of Production | 2,164,443.42 | 4,281,349.92 |
| | <u>\$ 444,770.73</u> | <u>\$ 428,014.10</u> |
| Estimated Mining Taxes for 1963 and 1964 | 12,601.54 | 12,601.54 |
| Balance as at September 30th 1964.. .. . | <u><u>\$ 432,169.19</u></u> | <u><u>\$ 440,615.64</u></u> |

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SCHEDULE No. 3

**ADMINISTRATIVE EXPENSES
FOR THE FISCAL YEAR ENDING
September 30th 1964**

| | |
|-----------------------------------|----------------------------|
| Auditors' Fees | \$ 1,300.00 |
| Bank Charges and Interest | 26,762.04 |
| Directors' Fees | 425.00 |
| Donations | 125.00 |
| Dues & Subscriptions | 1,431.28 |
| Financial Consultant Fees | 8,000.00 |
| Group Insurance | 28.15 |
| Legal Fees | 24,075.00 |
| Listing & Filing Fees | 100.00 |
| Office Expenses | 610.51 |
| Office Salaries.. .. . | 4,544.25 |
| Publicity | 2,397.65 |
| Rent... .. . | 2,070.00 |
| Representation | 518.69 |
| Salaries | 48,442.00 |
| Stamps | 580.83 |
| Stationery & Printing | 912.82 |
| Taxes & Licences | 352.20 |
| Telephone & Telegrams | 742.79 |
| Transfer Agents' Fees | 5,013.69 |
| Travelling Expenses | 1,407.00 |
| Unemployment Insurance | 68.90 |
| Minimum Wages Commission | 36.11 |
| TOTAL | <u>\$129,943.91</u> |

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SCHEDULE No. 4

SELLING EXPENSES FOR THE FISCAL YEAR ENDING September 30th 1964

| | |
|--------------------------------|---------------------|
| Advertising | \$ 385.92 |
| Commission on Sales | 18,664.73 |
| Dues & Subscriptions | 968.68 |
| Group Insurance | 519.86 |
| Office Expenses | 879.70 |
| Taxes & Licences | 222.21 |
| Representation | 6,116.42 |
| Publicity | 1,946.09 |
| Salaries | 28,336.79 |
| Rent.. .. . | 2,070.00 |
| Telephone & Telegrams | 3,538.61 |
| Travelling | 19,438.19 |
| Stationery & Printing | 288.85 |
| Unemployment Insurance | 64.79 |
| TOTAL | <u>\$ 83,440.84</u> |

TOTAL OF ADMINISTRATIVE AND SELLING EXPENSES FOR THE YEAR ENDED September 30th 1964

| | |
|---------------------------------|---------------------|
| Administrative Expenses | \$129,943.91 |
| Selling Expenses | 83,440.84 |
| | <u>\$213,384.75</u> |

